

# Sharing of Prosperity from Growth during India's Pre and Post Reform Periods: Extent, Trends and Spatial Variations

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## ABSTRACT

India experienced a prolonged run of rapid economic growth following unleashing of market-oriented reforms in 1991. In view of such step up in the rate of growth, it is pertinent to ask whether the benefits of high growth were shared across all population segments, especially with those at the bottom layers of the income distribution. Using data on household consumption expenditure of the National Sample Survey Office and individual income from India Human Development Surveys, this paper examines the share of prosperity from growth going to the bottom two quintiles of populations at the all-India level and at the level of the states in both rural and urban areas. While this share has on the whole been significant, there are variations in the extent and rate of sharing in rural and urban areas, across the different states, and in the different sub-periods. Penal regression analysis finds that the level of per capita income/consumption expenditure at the base year and overall growth rate positively influence prosperity sharing while the extent of inequality of distribution negatively impacts sharing. The finding poses a policy challenge of reconciling the apparently conflicting but not insurmountable goals of sustaining high growth and concomitantly distributing its fruits widely.

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